



**Performance Marketing
Association, Inc.**

March 28, 2011

Chairperson Eileen Daily
Chairperson Patricia Widlitz
Finance, Revenue and Bonding Committee
Connecticut House of Representatives
State Capitol
Room 109
Hartford, CT 06106

Dear Chairperson Daily, Chairperson Widlitz and Committee Members,

The Performance Marketing Association, and the 2,800 Internet advertising businesses we represent in Connecticut, vehemently opposes HB 6624 (Naishtat). It will not only result in \$0 new sales taxes collected, it will devastate a vibrant and growing small business segment in your state.

The bill states that if an out-of-state retailer places ads on websites owned by Connecticut citizens, those retailers have nexus and must collect sales tax from purchases made by state residents.

However this bill has a major flaw: it provides an easy "out" for retailers to avoid collecting sales tax. Those retailers will simply stop advertising on Connecticut websites (and advertise on competitors' sites in other states). We know this for a fact because that's exactly what happened when similar laws passed in NY, NC and RI.

The result? No new sales tax revenue for the state, and overnight devastation to 2,800 businesses who rely and prosper on advertising revenue. Did you know online websites in Connecticut earned \$194 million in 2009 (latest numbers available) from advertising? And they in turn paid \$5.8 million in state income tax, plus contributed millions back into the Connecticut economy (including employment and business taxes and fees, property taxes, sales taxes, etc)?

The realization of this result is why over a dozen states have said no to this nexus tax scheme – it doesn't work. ***If passed, the state will gain no new sales tax revenue, and will devastate 2,800 businesses in the process.***

It is on behalf of all these small business owners in Connecticut, that we urge you to vote against HB 6624.

Sincerely,

Rebecca Madigan
Executive Director | Performance Marketing Association